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COTTON ASSOCIATION WINS ITS CASE IN SUPREME COURT OF MISSISSIPPI

The Staple Cotton Cooperative Association is incorporated under the laws of Tennessee. It is engaged in business in Mississippi as well as in other states and it entered into a contract with one Brown in Mississippi covering the cotton which he might raise in 1922 as well as in certain subsequent years. He sold ten bales of the 1922 crop outside the association which then brought suit to enjoin him from violating his contract, to compel the specific performance thereof, and also to recover liquidated damages to the extent of 10¢ a pound for all the cotton disposed of by him to third persons. The association won in the trial court and Brown appealed the case to the Supreme Court of Mississippi. The principal contention which he made in the Supreme Court was that the contract in question when considered in connection with other similar contracts of the association violated the statute of that State, declaring void and unenforceable all contracts in restraint of trade, or which place the power to dictate or control the management of the business of the parties to a contract in the hands of a third person. In this connection, among other things, the court said:

If our antitrust statute is to be applied literally perhaps this marketing contract comes within its provisions. Every member of the appellee association by this contract (which is not only a contract with the association but with each member thereof) has placed the control to some extent of the staple cotton produced or controlled by them in the hands of appellee. Therefore, the question is whether our antitrust statute should be construed according to its literal terms regardless of the results, or whether it is to be construed in the light of reason and with the view of promoting the public welfare.

In giving the history of the antitrust legislation of the State, the Supreme Court pointed out that "Section 198, Constitution 1890, commanded the legislature to 'enact laws to prevent all trusts, combinations, contracts and agreements inimical to the public welfare.'" It is plain from the foregoing that the constitution of the State provided for the enactment only of such antitrust legislation as would strike down contracts and agreements that were inimical to the public welfare. Referring to the association the Supreme Court said:

It is simply a sales agency or a plan for group marketing. It is true it has large powers, but not even all the power is at one end of the bargain. One of the main purposes is to prevent long staple cotton growers from being forced on account of their financial necessities to dump their cotton on the market during the three or four months of harvesting time. A steady market and a reasonable price are central ideas in the plan. A continuous market for the producer the year round instead of for only three or four months. Another object is to save expenses to the producer by means of having large quantities of long staple cotton stored, classed, and marketed by appellee association instead of by thousands of producers who know nothing about classing cotton. Appellee association under the arrangement is able to sell direct to the mills as well as to others. Mississippi is almost exclusively an agricultural State. Its chief product for marketing has always been and probably always will be cotton. It would be hard to conceive of how a steady market and a reasonable and profitable price for cotton to the producers would be inimical to the public welfare of this State. On the contrary it would appear that not only every cotton producer in the State would be benefited thereby but also every other person engaged in any kind of business whatsoever.

Subsequent to the execution of the contract involved in the instant case, the legislature of Mississippi passed a statute providing for the incorporation of cooperative associations, and providing also that any cooperative marketing association organized under the laws of any other State, whose plan and purpose are substantially the same as those provided for in the statute, shall be entitled, if engaged in business in Mississippi, to the remedies of liquidated damages, injunction and specific performance. Although the statute of Mississippi referred to was passed subsequent to the date on which the contract was made, the Supreme Court held that the association (although incorporated in Tennessee) was entitled to the benefits of the statutory provisions in question. It is believed that this is the first instance in which a foreign cooperative association has claimed and received the benefits of such statutory provisions.

It was contended by the defendant that the amount named in the contract as liquidated damages, 10¢ a pound, was so large as to amount to a penalty, and hence could not be recovered by the association. In this connection the Supreme Court said:

On account of the difficulty of ascertaining anything like an accurate estimate of the damages which appellee association would suffer on account of a breach of contract by a member, a sum agreed upon, if reasonable, will be upheld as liquidated damages. The sum provided here by contract is 10¢ a pound. It is a matter of common knowledge that staple cotton has fluctuated during one season as much as 10¢ a pound. We are of opinion, therefore, that this 10¢ a pound is what the contract says it is -- liquidated damages -- and is recoverable.

L. S. Hulbert.

COOPERATIVES IN SOUTH AFRICA ENJOY AN EXPORT LEVY

Excerpts from a Consular Report from the Union of South Africa show that during the year 1922 this colony passed a comprehensive co-operative act which removed all obstacles to the expansion of the co-operative agricultural movement, and resulted in the federation of various existing societies into a Fruit Growers' Exchange and a Cotton Growers' Exchange. The purposes of these agencies are stated to be to market their produce each through a single agency, to advertise and develop their industry, and to purchase the requirements of their members collectively and through one single channel.

The report states:

An interesting development in connection with central co-operative agencies is the tendency to look for capital through a levy on export produce rather than by direct capital subscriptions. The Fruit Growers' Exchange has practically no capital, but it enjoys a revenue of about £9,000 per year, which will increase with an expansion in exports. This revenue is derived from a levy of five shillings a ton on export fruit and is collected by the Minister of Agriculture, under the provisions of the Agricultural Products Grading Act, who in turn pays it over to the Exchange. This system of levy on the exports of certain agricultural products, to be used in encouraging the particular industries in respect to which the levies are made, will be extended to the cotton and maize growers. The latter are now organizing along the lines of the fruit growers and cotton growers, and hope to be able to handle the 1923 crop along cooperative lines.

The Agricultural Products Grading Act, enacted in 1922, provides for the grading of such produce intended for sale in South Africa, and establishes a principle of self help by empowering the government to impose a special fee for grading products, in order to provide funds for use, with the approval of the organizations concerned, in the improvement of the industries on which the fees are levied. It is proposed through this and other acts to develop standard grades for all agricultural products.

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COOPERATIVE HANDLES LARGE SHARE OF STOCK

During the first six months of 1923 the Farmers' Union Live Stock Commission, Omaha, Nebr., handled 5,838 cars of stock, of which 4,537 cars were hogs, 1,278 cars were cattle, and 23 cars were sheep. Commissions received amounted to \$93,575, and expenses to \$23,186, leaving a balance for the six months of \$70,389. One thousand cars were handled in June.

MICHIGAN ELEVATOR EXCHANGE PLANNING TO ADVERTISE BEANS

On June 30, 1923, at the end of its third year of business, the Michigan Elevator Exchange, Lansing, Mich., reported a successful year, "measured in dollars of business, better satisfaction of local members, and wider recognition by the general trade." Starting without capital or experience, the exchange now finds itself with a surplus of over \$17,000 after returning a patronage dividend to its 93 member associations. The exchange is doing business with 200 cooperative associations and the management feels that the producers are pleased with the service rendered.

Approximately 750 cars of Michigan beans were shipped in 1922, each car containing 400 bags. The 1923 crop is expected to be about 100 cars larger than last year's and plans are being made to pack all choice hand-picked beans in bags with a special brand and a guarantee of quality on each bag. An advertising campaign to increase consumption of American-grown beans is being planned. The plan provides for an assessment on each elevator of 9/10 of 1% for each 100 pounds of beans received from the farmers. As a crop of 6,000,000 bushels is anticipated this levy will provide ample funds for advertising.

Hay was shipped during the year into 21 States. During the last half of the year 90% of the shipments went into the South and Southeast, mostly into North Carolina. Practically all this was sold and shipped direct to retailers in small towns.

DAIRY ASSOCIATION HAS EIGHTEEN HUNDRED MEMBERS

The report of the 1922 operations of the Whatcom County Dairy-men's Association, Bellingham, Wash., shows a total of 41,619,210 pounds of milk received. From this was manufactured 2,906,720 pounds of butter, 569,551 pounds of cheese, and 2,076,515 pounds of skim-milk powder. The average price paid to members for butter fat for the year was 45.5¢ per pound, and the average expense of manufacturing butter was 1.78¢ per pound.

Sales for the year are shown in the following statement:

Butter	\$1,196,299.92
Buttermilk	9,384.92
Cheese	114,609.55
Milk and cream	109,811.80
Skim milk powder	105,088.19
Ice cream	20,400.08
	<u>\$1,555,594.46</u>

This association, organized in 1919, had 1,840 members on June 27, 1923. Of this number 1,785 were farmers. The business conducted in 1921 amounted to \$1,051,000.

MILK PRICES TO PRODUCERS BOOSTED BY MARKETING ASSOCIATION

Fluid milk prices in the vicinity of Dakota, Ill., advanced in one year from \$.90 per cwt., paid by dealers, to \$2.10, paid by the producers' cooperative association, according to a statement recently issued by the Stephenson County Cooperative Marketing Company, Freeport, Illinois.

This company began business August 15, 1921, and during the year 1922 it handled 13,129,766 pounds of milk and 1,704,606 pounds of cream. From this 631,595 pounds of butter were made, and 169,626 pounds of cheese. Equipment for manufacturing casein from skim milk was added recently and the company is now selling about \$1,200 worth of this product each month.

The following is a brief summary of the 1922 business:

Sales

Butter	\$253,661.75
Milk	145,929.25
Cheese	46,082.49
Cream (sweet)	51,522.69
Butter and skim milk	4,693.47
Miscellaneous	16,474.90
Total	<u>518,364.55</u>

Disbursements

Total paid patrons	\$411,164.56
Butter and cream purchased	21,483.34
Running expenses	61,742.57
Miscellaneous	11,268.36
Sinking fund	12,705.72
Total	<u>\$518,364.55</u>

Patrons received an average price of 40.4 cents per pound for butter fat and \$1.627 per cwt. for milk, and the average monthly business was \$43,197.05. In May, 1923, business had grown to \$62,813.

The association has ten stations where cream is collected for shipment to the main plant at Freeport. Each local has its branch manager and a field man is employed to visit the locals and instruct in the care of milk and cream and otherwise aid in developing efficient methods.

A warehouse maintained by the company to handle feeds, tankage, seed and binder twine, has recently been sold as the management found that with the greatly increased volume of dairy products handled, the capitalization of the company would not permit the financing of this subsidiary.

The company is capitalized at \$75,000, in \$50 shares with a limit of five shares to a member. A 6% dividend was declared at the close of 1922. The stockholders number nearly 1,000 and the buildings and equipment are valued at \$70,000. A large part of the butter manufactured is made into prints and sold under the brand name "Vita Gold." A monthly house organ, known as "The Co-op," is issued to members.

LARGE CROPS OF PERISHABLES MARKETING EFFICIENTLY

Beginning business January 1, 1923, the Federated Fruit and Vegetable Growers, with offices in New York and Chicago, is now giving service to over 21,000 organized growers, according to a statement issued by W. H. Bullock, Director, Department of Information. Among the commodities handled are mentioned the following: Apples from New York; potatoes from Maine, New Jersey, Colorado, Minnesota and other parts of the West; prunes from Idaho; apples, peaches and pears from Washington and Oregon; grapes from Michigan; peaches from Georgia to the Canadian border; strawberries and small fruits from the Mid-Western States; tomatoes, cabbage and southern vegetables from the Gulf States; watermelons from Georgia; citrus fruits from Florida; and good will from all corners of the United States."

This grower-owned and grower-controlled sales agency is a non-profit organization governed by a board of directors elected by its member associations. Although it is of such recent origin, its "selling machine" dates back some twelve years to the organization of the American Fruit Exchange, which commercial company with its entire personnel was absorbed when the present Federated Fruit and Vegetable Growers was organized as a national sales agency for cooperative associations.

The Federated offers fruit and vegetable associations the services of sales managers trained in the handling of finished commodities and with a knowledge of the extent and nature of market demands. This relieves an association of the expense of paying the salary of an expert throughout the year. In addition, the sales agency is represented by its own employees on the more important markets, and in the smaller cities by brokers of known efficiency and reliability who are under bond to the organization. It also maintains a traffic and claim department and is also in a position to advertise fruit or vegetable products more economically and effectively than is an association operating over a limited territory.

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ONE HUNDRED ELEVATORS TO SELL GRAIN THROUGH NEW SERVICE COMPANY

The Ohio Farm Bureau Service Company, Columbus, Ohio, is now selling grain through its grain sales department. Nearly one hundred elevators have offered their grain to the service company. Contacts have been established with a large number of millers, exporters and other grain buyers. Daily bids are submitted to elevators and upon acceptance of these bids the service company issues shipping instructions. It also handles all drafts and other papers and guarantees the financial responsibility of buyers. The advice and counsel of a representative of one of the largest grain marketing companies was secured in establishing this unit, and a manager with wide experience in grain marketing has been secured.

FOURTEEN COMMISSION MERCHANTS AMONG MEMBERS

Storage is the principal source of income of the Clintondale Fruit Growers' Association, Inc., Clintondale, N. Y. During the year ending April 30, 1923, according to the annual statement, over \$22,800 was received from this source. Other important sources of income were: Commissions, \$6,900; profit from merchandise sales, \$5,500; ice sales, \$3,500; income from crate manufacture, \$807. The total income was over \$40,400 and the total disbursements nearly \$29,000. Labor was the largest item among the disbursements, it being \$12,646. Directors' fees amounted to \$180, and advertising expense to \$16.75. The fixed capital of the association, amounting to \$121,700, has been obtained by the sale of first and second mortgage bonds and from loans based on members' notes. The fixed assets are placed at \$137,400. During the year 70 carloads of supplies were purchased for members and 241 cars of fruit were shipped. The association has a membership of 131, including 14 commission merchants located in New York City, Newark, N. J., Providence, R. I., Hartford and Waterbury, Conn., Boston, Mass., Philadelphia and Pittsburgh, Pa.

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LOCAL AND COUNTY PEANUT ASSOCIATIONS TO BE ORGANIZED

Plans are maturing by the Georgia Peanut Growers' Cooperative Association for the organization of county and local associations which will be the means of contact between the association and its members. This work will be under the direction of J. B. Lawley who aided the North Carolina Cotton Association and also the Tobacco Association along similar lines.

Each local must have at least 10 members and not more than 50. A meeting is to be held at least once a month and at certain times of year weekly. News of the association will be received by members through the locals, and problems relating to peanut growing and marketing will be discussed, also such community problems as roads, schools and sanitation.

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GRAIN ASSOCIATIONS LEAD AMONG MONTANA'S COOPERATIVES

Montana's cooperative associations which have replied to the questionnaires of the U. S. Department of Agriculture, number 82. Of 71 associations reporting on the amount of business transacted in 1921, 47 were grain associations, and their business amounted to \$6,606,000, or 82.78% of a total of \$7,980,000 for the 71. Seventy-seven of the 82 associations are incorporated, 69 are capital stock associations, 65 carry on business for producers only, and 53 pay patronage dividends. Feeds, fuel and containers are the most important commodities purchased by the 55 associations reporting on this point.

SEVENTY PER CENT OF INCOME RETURNED TO GROWERS

The income of the California Peach and Fig Growers, Inc., Fresno., Calif., for the business year ending May 31, 1923, amounted to \$6,251,828, according to the annual statement. Among the chief sources of income were the following:

Fruit sales	\$4,855,505
Saw-mill profit.	56,629
Box-factory profit	24,233
Nondelivery penalty	7,569

Selling expenses amounted to \$196,586; administrative, executive and office salaries, to \$95,370; and \$189,786 was spent for advertising. Net credit to growers is given as \$4,423,988, or 70% of the total income, while the gross operating cost was \$1,827,839, or 30% of income.

The amounts returned to growers for the past six years are shown below, together with the percentage of sales returned:

	: 1917	: 1918	: 1919	: 1920	: 1921	: 1922
	(000 omitted)					
Amount paid growers :	\$5,000	\$3,355	\$7,500	\$4,750	\$2,263	\$4,225
Per cent of sales :	:	:	:	:	:	:
returned to growers:	80.3%	74%	81.3%	69.2%	60.9%	70%

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FORTY PER CENT INCREASE IN POUNDS OF BUTTER FAT

The annual report of the Watertown Creamery Company, Watertown, Minn., presents comparative figures for the past three years, from which the following items are selected:

	: 1920	: 1921	: 1922
Pounds of butter	343,019	309,497	463,494
Average price paid for butter fat :	71.12¢	47.90¢	45.20¢
Cost of making, per lb.	2.41¢	2.23¢	2.14¢

A similar report dated ten years earlier gives the following figures for the same items:

	: 1910	: 1911	: 1912
Pounds of butter	203,993	229,265	263,593
Average price paid for butter fat :	34.50¢	30.38¢	34.00¢
Cost of making, per lb.	1.85¢	1.72¢	1.75¢

During the ten years between the two reports there was a gain of 39% in the number of pounds of butter fat handled; the gain in price was 66.1% and the increase in cost of making butter was but 27.4%

MORE THAN SIX HUNDRED NEW MEMBERS FOR ALMOND GROWERS

Five hundred thirty-one members were added to the California Almond Growers' Exchange, San Francisco, Calif., as the result of a membership drive lasting from June 1, 1922, to April 1, 1923, and costing \$15,850, an average of \$29.85 per member. These new members represent 5,310 acres of orchards. At the average yield this acreage will bring an additional 9,292 tons of almonds into the exchange in the five years of the contract, a greater tonnage than California has ever produced in one year. At 1/2 cent per pound the revenue to the exchange on the new business will amount to approximately \$92,000.

The total cost of the campaign by which the 531 new names were secured, was made up as follows:

Salaries	\$8,836.68
Travel	4,155.96
Automobile upkeep	1,155.28
Rent, postage, telephone, telegraph.	859.34
Supplies	844.49
Total	\$15,851.75

From April 1, 1923, to June 1, 1923, 112 more members were added, making 643 during the year. The number of orchards in the exchange is now 3,110. Members are urged to aid in curtailing expenses by personally securing new members.

The directors of the exchange have recently authorized the creation of a manufacturing department for the shelling and canning of salted almonds, with equipment for blanching and chocolate dipping. This program calls for an original outlay of about \$30,000.

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GROWTH OF COOPERATIVE SOCIETIES IN ENGLAND

A rapid increase in the number of cooperative agricultural societies in England, as well as in the volume of business conducted, is shown in a statement recently presented to the House of Commons in connection with an agricultural credit bill. The figures are as follows:

Year	:	Number of	:	Membership	:	Turnover
	:	Societies	:		:	
1901	:	33	:	500	:	£ 9,000
1915	:	500	:	50,000	:	3,000,000
1921	:	1,500	:	150,000	:	16,000,000

Of the 1,500 societies in 1921, 71 had a turnover of more than £50,000 a year, and of these 17 conducted business amounting to over £200,000 each, and one conducted a business of nearly £1,500,000

COOPERATIVE SELLS NEARLY FIVE THOUSAND TONS OF HAY

Two hundred seventy-five hay growers constitute the membership of the Roosevelt Hay Growers, Phoenix, Ariz., an association formed June 16, 1922, to market hay cooperatively. Proceeds of the sale of 4,861 tons of the 1922 crop were \$87,802, and the prices realized varied from \$10.29 to \$19.88 per ton.

The total expenses were \$16,621, of which \$8,162 was connected with the physical handling of the crop, \$1,756 was for a reserve fund, \$134 for advertising, \$1,070 for office expenses, and \$4,266 for salaries. Expenses per ton amounted to \$3.42, of which 66¢ went for field expense, 28¢ for insurance, 24¢ for interest, 34¢ for storage, 12¢ for warehouse receipts, 36¢ for reserves, 2¢ for advertising, 22¢ for office expense, 87¢ for salaries, etc.

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MILK PRODUCERS OPERATING FIFTEEN PLANTS

Announcement is made by the Twin City Milk Producers' Association, St. Paul, Minn., that it has recently purchased the plant, equipment and supplies of the Farmington Cooperative Creamery Association, at Farmington, in a territory where the Twin City Association has several hundred members. The consideration was \$20,000, which was felt to be fair to the members of the association and to the 200 patrons of the local creamery. This will be run as a cream plant for the present and will make the fifteenth plant which the association is operating. The operations of the condensing plant are resulting in a net price of about 70¢ per cwt. for skim milk. Membership figures have nearly reached the 5,000 mark.

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APPLES MARKETED STEADILY FOR SEVEN MONTHS

Seventy cars of fruit a week from October 7, 1922, to May 7, 1923, is the record of the Western New York Fruit Growers' Cooperative Packing Association, Rochester, N. Y. During the seven months the movement was so steady as not to vary more than 10 cars throughout the entire season, according to a statement of the manager. In order to satisfy a discriminating trade the association proposes this year to emphasize the more careful standardization of fruit with rigid grading and packing regulations.

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ARKANSAS COTTON GROWERS LOYAL TO ASSOCIATION

Only one lawsuit was filed against a member during the past season by the Arkansas Cotton Growers' Association, Little Rock, Ark., and this one was withdrawn when it was proved that the dispute was due entirely to a misunderstanding of the terms of the contract.